

Message Text

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NSC-05 PA-01 DPW-01 PRS-01 OMB-01 SS-15 ISO-00 SSO-00

INRE-00 (ISO) W

----- 130013

O R 191128Z MAR 75

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 3855

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

USDEL JEC PARIS UNN

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA/ATCS-WL-DSA

CINCPAC/POLAD

CINCPACAF

CINCPACFLT

USDAO/SAIGON

AMEMBASSY LONDON

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY MANILA

AMEMBASSY PHNOM PENH

AMEMBASSY STOCKHOLM

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

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AMEMBASSY WELLINGTON

C O N F I D E N T I A L SECTION 1 OF 3 SAIGON 3143

CINCPAC FOR POLAD

DEPARTMENT PASS IMMEDIATE IBS/NCA

E.O. 11652: GDS

TAGS: PINT, PFOR, ECON, VS

SUBJECT: EMBASSY SAIGON'S MISSION WEEKLY FOR MARCH 13-19, 1975

WEEKA ITEMS

--THE MILITARY SITUATION

--NATIONAL ASSEMBLY ISSUES PROCLAMATION DENOUNCING COMMUNIST
OFFENSIVE

--PRESIDENT VISITS MR-2

--CATHOLIC CLERGY CAUGHT IN BAN ME THUOT

--SOUTH VIETNAMESE PERSONALITIES VISIT UNITED STATES

--AFP CORRESPONDENT KILLED FLEEING SVN POLICE COMPOUND

--PUBLIC REACTION TO COMMUNIST ATTCKS

--GVN DRAFT TO CUT MORE DEEPLY

--GVN DEFUSES CONFRONTATION WITH CAMBODIANS IN VINH BINH

--GVN PROTESTS COMMUNIST ATTACKS

--DEPUTY PRIME MINISTER VISITS ZAIRE

--RVN AND DOMINICAN REPUBLIC ESTABLISH DIPLOMATIC RELATIONS

--PROVINCIAL ECONOMIC "CZARS" APPROVED

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--FALL-OFF IN FEBRUARY TAX COLLECTIONS

--PRINCE INDEX UP SLIGHTLY

--FREE MARKET DOLLAR RATE CLIMBS

I. INTERNAL

A. THE MILITARY SITUATION

THE NVA OFFENSIVE CONTINUED IN FULL FORCE THIS WEEK, WITH THE NUMBER OF INCIDENTS COUNTRY-WIDE THE HIGHEST SINCE THE JAN 1973 CEASE

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FIRE AGREEMENT. UNDERSCORING THE INTENSITY AND SCOPE OF THE COMMUNIST ATTACKS WAS THE GVN DECISION TO WITHDRAW FROM KONTUM AND PLEIKU PROVINCES IN THE CENTRAL HIGHLANDS. THE DECISION WAS OBVIOUSLY A HARD ONE FOR THE GVN, BUT IT WAS FELT NECESSARY IN ORDER NOT TO BE SPREAD SO THIN IN THE FACE OF THE WIDE-RANGING NVA PRESSURE. ANOTHER IMPORTANT

FACTOR IN THE DECISION WAS THE QUESTION OF RESUPPLY. WITH THE PRINCIPAL LOC'S BETWEEN THE COAST AND THE HIGHLANDS CUT, RESUPPLY COULD ONLY HAVE BEEN EFFECTED BY AIR, AND THAT WOULD HAVE LED TO EVEN FURTHER INCURSIONS ON THE ALREADY LIMITED VNAF FLYING TIME. THE COMMUNISTS IN MR-I CONTINUED

TO APPLY CONSIDERABLE PRESSURE ALONG THE WESTERN CONTACT LINE NORTH OF THE HAI VAN PASS, PARTICULARLY IN THE HUE AREA. SOUTH OF THE PASS QL-1 HAS BEEN CUT FROM QUANG NGAI CITY TO THE QUANG TIN PROVINCE BORDER. THE NVA HAVE MOUNTED STIFF ATTACKS IN BOTH THE EASTERN AND WESTERN SECTIONS OF MR-3. THE FOCUS IS LONG KHANH AND BINH

TUY IN THE EAST, WITH THE TAY NINH AREA IN WEST CONTINUING UNDER HEAVY SHELLING AT

THE SAME TIME. THE DELTA EXPERIENCED THE HIGHEST LEVEL OF ACTIVITY SINCE THE CEASEFIRE, EVEN THOUGH MOST INCIDENTS DID NOT INVOLVE LARGE UNIT CONTACTS. ADDITIONALLY, INITIAL BATTLEFIELD REPORTS INDICATE LOSSES ON BOTH SIDES TO BE THE HIGHEST SINCE THE CEASEFIRE.

B. NATIONAL ASSEMBLY ISSUES PROCLAMATION DENOUNCING COMMUNIST OFFENSIVE

AFTER MEETING ON MAR 15 TO DISCUSS CURRENT STATE OF NATION, SECRETARIAT OF NATIONAL ASSEMBLY ISSUED PROCLAMATION CALLING ON ALLIED COUNTRIES TO SUPPORT PEOPLE OF VIETNAM IN THEIR STRUGGLE
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TO DEFEND THEMSELVES AND AT SAME TIME HELP GVN ASSIST TENS OF THOUSANDS OF WAR REFUGEES. PROCLAMATION WAS SIGNED BY SENATE PRESIDENT TRAN VAN LAM AND LOWER HOUSE CHAIRMAN NGUYEN BAC CAN.

THE 300 WORD PROCLAMATION EXPRESSES OUTRAGE AT THE GENERAL OFFENSIVE LAUNCHED BY THE COMMUNISTS AND DENOUNCES THE "CRIMES OF THE NORTH VIETNAMESE COMMUNISTS AND THEIR APPARATUS IN THE SOUTH FOR WILLFULLY DESTROYING THE PEACEFUL LIVES OF THE PEOPLE OF SOUTH VIETNAM". IT APPEALS FOR SUPPORT FROM "FRIENDLY AND ALLIED NATIONS TO SUPPORT THE STRUGGLE OF THE PEOPLE AND SOLDIERS OF THE RVN TO DEFEND THEMSELVES AND...ASSIST THE TENS OF THOUSANDS OF WAR REFUGEES". LASTLY, THE SECRETARIAT PLEDGES TO "RESOLUTELY MOBILIZE, WITH ALL OF THE PEOPLE, EVERY EFFORT TO RESIST THE INVASION AND PROTECT FREEDOM AND DEMOCRACY".

C. PRESIDENT VISITS MR-2

SEMI-OFFICIAL VIETNAM PRESS REPORTED PRESIDENT NGUYEN VAN THIEU FLEW TO MR-2 MAR 14 FOR FOUR HOUR VISIT TO REVIEW LOCAL MILITARY SITUATION. ACCOMPANYING THE PRES WERE PRIME MINISTER TRAN THIEN KHIEM AND GEN CAO VAN VIEN, CHIEF OF THE JOINT GENERAL STAFF.

D. CATHOLIC CLERGY CAUGHT IN BAN ME THUOT

L'OSSERVATORE ROMANO OF MAR 18 REPORTED, AND APOSTOLIC DELEGATION SAIGON CONFIRMED, THAT BMT DIOCESE VICAR GENERAL MSGR TRINH CHINH TRUC WAS KILLED IN THE COMMUNIST ATTACK ON BMT. APOSTOLIC DELEGATION ALSO CONFIRMED TWO BISHOPS -- BMT BISHOP NGUYEN HUY MAI AND PHAN THIET BISHOP-ELECT NGUYEN VAN HOA -- WERE IN BMT WHEN COMMUNIST FORCES ENTERED THE CITY AND THEIR FATE IS UNKNOWN. THE SAME IS TRUE OF SEVERAL PRIESTS, ACCORDING TO THE SAME SOURCE.

E. SOUTH VIETNAMESE PERSONALITIES VISIT UNITED STATES

DURING THE PAST WEEK A NUMBER OF SOUTH VIETNAMESE LEADERS HAVE LEFT FOR THE US TO EXPLAIN SVN'S PRESENT NEED FOR ADDITIONAL EXTERNAL ASSISTANCE. A SIX-MEMBER DELEGATION OF LOWER HOUSE DEPUTIES LED BY FIRST DEPUTY SPEAKER DINH XUAN MINH LEFT SAIGON ON MAR 13. THE DELEGATION INCLUDED SECY GEN PHAM ANH, CHRM OF THE FOREIGN RELATIONS COMMITTEE TRUONG THI BICH DIEP, CHRM OF THE DEFENSE COMMITTEE DINH VAN DE, PRES OF THE VIETNAMESE GROUP OF THE ASIAN PARLIAMENTARIAN UNION HUYNH NGOC ANH AND CONFIDENTIAL

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SECY GEN OF THE REPUBLICAN BLOC NGUYEN VAN THUAN.

ON MAR 15 CVT CHRM TRANG QUOC BUU LEFT FOR AN EIGHTDAY VISIT TO THE US DURING WHICH HE WILL MEET WITH VARIOUS CONGRESSIONAL REPRESENTATIVES AND FIGURES IN THE US LABOR MOVEMENT. FORMER AMBASSADOR TO THE US BUI DIEM ALSO LEFT MAR 18 TO CONSULT WITH VIETNAMESE EMBASSY PERSONNEL AND CONTACT US GOVERNMENT LEADERS.

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NSAE-00 NSC-05 PA-01 DPW-01 PRS-01 OMB-01 SS-15

INRE-00 SSO-00 /069 W

----- 121578

O R 191128Z MAR 75

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 3856

INFO AMEMBASSY BANGKOK

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMEMBASSY JAKARTA

AMCONSUL NHA TRANG

AMEMBASSY PARIS

USDEL JEC PARIS

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA/ATCS-WL-DSA

CINCPAC

CINCPACAF

CINCPACFLT

USDAO SAIGON

AMEMBASSY LONDON

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY PHNOM PENH

AMEMBASSY STOCKHOLM

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AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

C O N F I D E N T I A L SECTION 2 OF 3 SAIGON 3143

CINCPAC FOR POLAD

DEPARTMENT PASS IMMEDIATE IBS/NCA

F. AFP CORRESPONDENT KILLED FLEEING SVN POLICE COMPOUND

THE DEP CHIEF OF AGENCE FRANCE PRESS IN SAIGON PAUL LEANDRI, 37, WAS SHOT AND KILLED MAR 14 AT THE NATIONAL POLICE HEADQUARTERS AS HE TRIED TO LEAVE THE COMPOUND WHERE HE HAD BEEN SUMMONED FOR INTERROGATION, ACCORDING TO AN OFFICIAL POLICE COMMUNIQUE, SVN POLICE SAID LEANDRI BECAME BELLIGERENT, USED FOUL LANGUAGE AND BROKE FURNITURE WHEN THEY TRIED TO QUESTION HIM ABOUT THE SOURCE OF A DISPATCH ON THE BATTLE OF BAN ME THUOT. THE POLICE COMMUNIQUE SAID LEANDRI JUMPED INTO HIS CAR AND TRIED TO SPEEDMU

VNYJF

IJQZYTWRZVD.

WARNING SHOTS WERE REPORTEDLY FIRED INTO THE AIR, AND THEN POLICE SHOT AT HIS TIRES, ONE SHOT APPARENTLY GOING ASTRAY AND KILLING THE NEWSMAN.

THE INCIDENT DREW A STRONG PROTEST FROM THE FRENCH GOVT AND ON MAR 17 FRENCH AMB JEAN MARIE MERILLON EXPRESSED THE "STUPOR AND INDIGNATION" OF THE FRENCH GOVT TO PRES THIEU DURING A CALL AT INDEPENDENCE PALACE. THE FRENCH HAVE REQUESTED A FULL INQUIRY INTO THE LEANDRI CASE.

THE SEMI-OFFICIAL VIETNAM PRESS ON MAR 18 CARRIED A "STATEMENT OF THE GOVT SPOKESMAN ON THE PAUL LEANDRI CASE". THE TWO PARA ARTICLE STATED: "1-THIS WAS AN ACCIDENT CAUSED BY PUBLIC SECURITY PERSONNEL IN THE DISCHARGE OF THEIR STANDING SECURITY ORDERS. THE WHOLE INCIDENT IS REGRETTABLE AND UNFORTUNATE THOUGH IT OCCURED IN THE MOST UNEXPECTED CIRCUMSTANCES. 2-THE PROSECUTOR TO THE SAIGON TRIBUNAL OF THE FIRST INSTANCE HAS BEEN IMMEDIATELY APPRISED OF THE AFFAIR AND HAS PERSONALLY CARRIED OUT THE INVESTIGATION."

G. PUBLIC REACTION TO COMMUNIST ATTACKS

ALTHOUGH PUBLICLY-EXPRESSED REACTIONS TO INCREASED COMMUNIST
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ATTACKS HAVE NOT BEEN AS FULSOME AS ONE MIGHT EXPECT, SOME OPPOSITIONISTS AND OTHERS HAVE MADE PUBLIC STATEMENTS, CRITICIZING BOTH SIDES. NATIONAL GROUP DEPUTIES NGUYEN TRONG NHO AND NGUYEN TUAN ANH, FOR EXAMPLE, ISSUED DENUNCIATION OF COMMUNIS
T

ATTACK ON BAN ME THUOT WHICH WAS REPORTED PROMINENTLY IN CHINH LUAN. DEPUTIES ADDED CRITICISM OF ALLEGED GVN INCOMPETENCE IN BMT DEFENSE. PACM ALSO ISSUED STATEMENT, DISTRIBUTED BY DEPUTY DUONG MINH KINH, STRONGLY CONDEMNING COMMUNIST ATTACKS BUT ALSO SEVERELY CRITICIZING PRES THIEU, CLAIMING MILITARY REVERSES ARE RESULT OF GOVT'S CORRUPT POLICIES. SEN TON THAT DINH, HEAD OF PUBLISHERS ASSN AND A FORMER LIEUTENANT GENERAL AND CORPS COMMANDER, PUBLICLY CRITICIZED INADEQUATE DEFENSE OF BMT, CITING POOR LEADERSHIP AND POOR INTELLIGENCE. FINALLY, VIETNAMESE COUNCIL OF BISHOPS, WHO MET IN SAIGON MAR 15-17, ISSUED STATEMENT DEPLORING RECENT

FIGHTING ESPECIALLY IN BAN ME THUOT, APPEALING TO BELLIGERANTS TO RESTORE PEACE, AND NOTING ABSENCE OF NEWS ON FATE OF TWO BISHOPS AND OTHERS CAUGHT IN BMT ATTACKS. STATEMENT DID NOT MENTION COMMUNISTS OR AFFIX BLAME FOR ATTACKS.

H. GVN DRAFT TO CUT MORE DEEPLY

THE GVN ANNOUNCED ITS INTENTION TO DRAFT FROM PREVIOUSLY EXEMPT CATEGORIES. WHILE THE OFFICIAL ORDER HAS NOT YET BEEN PROMULGATED, VIETNAM PRESS ANNOUNCEMENTS AND DISCUSSIONS WITH GVN OFFICIALS INDICATE THE FOLLOWING CHANGES IN DRAFT REGULATIONS ARE UNDER SERIOUS CONSIDERATION.

DRAFT AGE TO BE LOWERED FROM 18 TO 17. EIGHTEEN YEAR OLD HIGH SCHOOL STUDENTS WITHOUT OTHER GROUNDS FOR DEFERMENT WILL BE DRAFTED AT END OF SCHOOL YEAR WHETHER THEY GRADUATE OR NOT. MAXIMUM AGE FOR ENTERING UNIV TO BE LOWERED FROM 19 TO 18. THIS WILL ALSO ENTAIL DRAFTING OF SOME CURRENTLY ENROLLED STUDENTS. RELIGIOUS DEFERMENTS TO BE ELIMINATED FOR THOSE IN THE 18-20 BRACKET AND INDIVIDUALS IN THIS AGE BRACKET CURRENTLY ENJOYING RELIGIOUS DEFERMENTS TO BE DRAFTED. PROFESSIONAL DEFERMENTS TO BE REDUCED BY 25 PERCENT. MINORITIES TO BE DRAFTED AT 20 INSTEAD OF 25. IN PRINCIPLE, THE 38-43 YEAR OLD BRACKET WILL BE SUBJECT TO DRAFT THOUGH THERE SEEMS CURRENTLY NO INTENTION TO ACTUALLY IMPLEMENT THIS PROVISION. CONFIDENTIAL

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INFORMALLY, WE UNDERSTAND THE GVN HOPES TO LIST 131,000 NEW CONSCRIPTS FROM THESE CATEGORIES FROM APRIL THROUGH JULY. EXPECT NEW DRAFT PROVISIONS TO BE OFFICIALLY PROMULGATED IN NEAR FUTURE.

VARIOUS RELIGIOUS POLITICAL AND CIVIC LEADERS HAVE COME OUT IN OPPOSITION TO CHANGES AND ASKED GOVT TO RECONSIDER. HOWEVER, GENERAL PUBLIC AT LARGE, AND STUDENTS IN PARTICULAR, ARE TOO UNCERTAIN ABOUT HOW THEY WILL PERSONALLY BE AFFECTED TO REACT SO FAR.

I. GVN DEFUSES CONFRONTATION WITH CAMBODIANS IN VINH BINH

A HIGH LEVEL GVN DELEGATION INCLUDING MINISTER OF INTERIOR LE CONG CHAT, DEPUTY MINISTER OF DEFENSE TON THAT CHUOC AND MR-4 COMMANDER MG NGUYEN KHOA NAM VISITED VINH BINH ON MAR 14, AS PROMISED EARLIER BY THE PRIME MINISTER TRAN THIEN KHIEM (SAIGON 02761) TO REVIEW THE DRAFT STATUS OF CAMBODIAN MONKS. MTG WITH LOCAL CAMBODIAN MONK LEADERS, THEY AGREED ON CRITERIA AND PROCEDURES FOR DECIDING WHICH MONKS SHOULD GET DRAFT DEFERMENTS (SAIGON 2996). REPORTEDLY CAMBODIANS INTEND TO INTERPRET RATHER STRICT PROVISIONS

VERY LIBERALLY (SAIGON 3039). (COMMENT: DESPITE VARYING INTERPRETATIONS OF AGREEMENT, WE BELIEVE IT WILL ALLOW BOTH SIDES TO SAVE FACE WHILE DEFUSING DANGEROUS SITUATION. WE DOUBT GVN WILL PRESS ISSUE FURTHER EVEN IF CAMBODIANS PERSIST IN THEIR REPORTED INTENTION OF IGNORING THE LETTER OF THE AGREEMENT.)

II. EXTERNAL

A. GVN PROTESTS COMMUNIST ATTACKS

GVN MARCH 12 SENT NOTE TO THE PARTIES TO THE ACT OF THE INTERNATIONAL CONFERENCE PROTESTING COMMUNIST SEIZURE OF DISTRICT TOWN OF THUAN MAN AND DARLAC PROVINCE CAPITAL OF BAN ME THOUT. NOTE CALLED ON PARTIES "TO TAKE URGENT AND EFFECTIVE ACTIONS TO PREVENT ANY FURTHER DETERIORATION OF THE GRAVE SITUATION PREVAILING NOW IN VIETNAM, TO OBLIGE THE COMMUNIST SIDE TO PUT IMMEDIATELY AN END TO THEIR MILITARY AGGRESSION AND RESUME CONFIDENTIAL

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AT ONCE THE NEGOTIATIONS AT LA CELLE ST. CLOUD AND AT SAIGON".

A FOREIGN MINISTRY COMMUNIQUE ISSUED MARCH 14 CONDEMNED THE COMMUNIST SEIZURE OF SIX DISTRICT CAPITALS OF THUAN MAN, DUC LAP, HAU DUC, TIEN PHUOC, TRI TAM AND BUON HO. COMMUNIQUE TERMED THESE ATTACKS "ARROGANT CHALLENGES TO PUBLIC OPINION AT HOME AND ABROAD, TO THE ICCS, AS WELL AS TO THE SIGNATORIES OF THE ACT OF THE INTERNATIONAL CONFERENCE ON VIETNAM." COMMUNIQUE NOTED GVN WAS "RESOLUTELY DETERMINED TO RESERVE THE RIGHT TO TAKE ALL APPROPRIATE MEASURES IN ORDER TO DEFEND THE TERRITORIAL INTEGRITY AND THE SAFETY OF THE PEOPLE OF SOUTH VIETNAM" AND STATED "COMMUNIST SIDE MUST BEAR FULL RESPONSIBILITY FOR ALL SERIOUS CONSEQUENCES RESULTING FROM ITS POLICY OF VIOLENT AGGRESSION."

B. DEPUTY PRIME MINISTER VISITS ZAIRE

DEPUTY PRIME MINISTER TRAN VAN DON WAS IN ZAIRE MARCH 12-14 FOR A GOOD-WILL VISIT WHICH WAS HIGH-LIGHTED BY A CALL ON PRESIDENT MOBUTU MARCH 13.

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ACTION EA-10

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NSAE-00 NSC-05 PA-01 DPW-01 PRS-01 OMB-01 SS-15

INRE-00 SSO-00 /069 W

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O R 191128Z MAR 75

FM AMEMBASSY SAIGON

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AMEMBASSY WELLINGTON

C O N F I D E N T I A L SECTION 3 OF 3 SAIGON 3143

CINCPAC FOR POLAD

DEPARTMENT PASS IMMEDIATE IBS/NCA

C. RVN AND DOMINICAN REPUBLIC ESTABLISH DIPLOMATIC RELATIONS

MFA SPOKESMAN ANNOUNCED MARCH 18 THAT REPRESENTATIVES OF THE RVN AND THE DOMINICAN REPUBLIC SIGNED A JOINT COMMUNIQUE IN WASHINGTON, DC MARCH 17 ESTABLISHING DIPLOMATIC RELATIONS BETWEEN THE TWO COUNTRIES AT EMBASSY LEVEL AS OF THAT DATE.

END CONFIDENTIAL

BEGIN LIMITED OFFICIAL USE

III. ECONOMIC

A. PROVINCIAL ECONOMIC "CZARS" APPROVED

VICE PRIME MINISTER FOR ECONOMIC DEVELOPMENT NGUYEN VAN HAO'S PROGRAM MOVED AHEAD LAST WEEK WHEN THE PRIME MINISTER APPROVED THE NEW POSITION OF ASSISTANT PROVINCE CHIEF FOR ECONOMICS. DESPITE REPORTED OPPOSITION FROM LOCAL-LEVEL OFFICIALS, DR. HAO WAS INSISTED THAT EFFECTIVE IMPLEMENTATIONS OF HIS ECONOMIC REFORM PROGRAM REQUIRE

S
A STRONG PROVINCE ECONOMIC OFFICIAL REPORTING DIRECTLY TO HIM.

ALTHOUGH THE PRIME MINISTER HAS YET TO SIGN AN IMPLEMENTING DECREE TO INSTALL THE NEW OFFICIALS, DR. HAO'S STAFF IS CURRENTLY FIRING PLANS FOR A PILOT PROGRAM IN A NUMBER OF PROVINCES ABOUT ONE MONTH FROM NOW. THESE PLANS CALL FOR THE ASSISTANT PROVINCE CHIEFS TO BE NOMINATED BY HAO AND APPOINTED BY THE PRIME MINISTER. THEORETICALLY, THE ECONOMIC ASSISTANTS WILL HAVE EQUAL STANDING WITH THE DEPUTY PROVINCE CHIEFS FOR ADMINISTRATION; IN PRACTICE, HOWEVER, THEY WILL BE IN POSITION TO WIELD MORE POWER THAN THE DEPUTIES. THE ECONOMIC ASSISTANTS WILL OVERSEE EIGHT OF THE MOST IMPORTANT SERVICE SECTIONS, PREVIOUSLY MANAGED BY THE DEPUTY FOR ADMINISTRATION: AGRICULTURE, TAXATION, ECONOMICS, CUSTOMS, PUBLIC WORKS, CONSTRUCTION, LABOR, FINANCE AND TREASURY. SINCE THEIR SPAN OF CONTROL IN THE PROVINCE ROUGHLY PARALLELS DR. HAO'S AUTHORITY ON THE NATIONAL LEVEL, THE LOCAL PRESS HAS
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DUBBED THE PROSPECTIVE PROVINCIAL ECONOMIC CZARS "BABY HAO'S" (HAO CON).

THE ASSISTANTS FOR ECONOMICS WILL REPORT TO THE DEPUTY PRIME MINISTER'S OFFICE, BUT THROUGH THE PROVINCE CHIEF. DR. HAO HOPES TO FILL THE POSITIONS WITH MEN WHO WILL COOPERATE FULLY WITH HIS GUIDANCE AND REMAIN INDEPENDENT ENOUGH TO PROVIDE CRITICAL ANALYSIS OF LOCAL PROBLEMS. ALTHOUGH VETERANS WITH COMMAND EXPERIENCE WILL RECEIVE SPECIAL CONSIDERATION FOR THE JOBS, DR. HAO REQUIRES THREE QUALIFICATIONS: A COLLEGE DEGREE, SOME KNOWLEDGE OF ECONOMICS AND A GOOD UNDERSTANDING OF ENGLISH. THE LATTER IS TO

FACILITATE CLOSE RELATIONS WITH US PROVINCIAL REPRESENTATIVES.
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B. FALL-OFF IN FEBRUARY TAX COLLECTIONS

THE DIRECTORATE GENERAL OF TAXATION REPORTED FEBRUARY COLLECTIONS OF VN\$16.7 BILLION, A SUBSTANTIAL DECLINE FROM THE FROM THE VN\$25.0 BILLION IN JANUARY. A MAJOR SOURCE OF THE DROP WAS IN THE SPECIAL CONSUMPTION TAX (SCT), WHICH WAS DOWN FROM VN\$10.7 BILLION TO VN\$6.0 BILLION BECAUSE THE LOCAL OIL COMPANIES WITHHELD VN\$4.5 BILLION IN SCT PAYMENTS. THE REASON FOR THEIR ACTION GROWS OUT OF THE PECULIAR "NEGATIVE PEREQUATION" TAX SITUATION THAT HAS PREVAILED SINCE LAST SEPTEMBER (SEE SAIGON 02108 FOR EXPLANATION). IN EFFECT, WHILE THE OIL COMPANIES THEORETICALLY OWE THE DGT VN\$4.5 BILLION IN TAXES, ANOTHER AGENCY, THE MINISTRY OF TRADE AND SUPPLY, WAS BEHIND IN PAYING THE OIL COMPANIES THAT SAME AMOUNT. FROM SEPTEMBER 1974 TO FEBRUARY 1975, THE GOVERNMENT REPORTEDLY ACCUMULATED VN\$11 BILLION OF PAYMENTS DUE THE OIL COMPANIES. IN FEBRUARY, THE OIL COMPANIES APPARENTLY DECIDED TO TAKE THE MATTER OF BACK PAYMENTS INTO THEIR OWN HANDS BY WITHHOLDING TAXES. THE NON-PAYMENT OF SCT IN FEBRUARY RELATES ONLY TO 1975 TAX BILLINGS. THUS, FROM THE COMPANIES' VIEWPOINT THEY ARE STILL OWED VN\$6.5 BILLION OF "NEGATIVE PEREQUATION" TAX ACCUMULATED IN 1974.

INDIRECT TAX COLLECTIONS, INCLUDING SCT, WERE VN\$11.8 BILLION IN FEBRUARY AS VALUE ADDED TAX REVENUES ALSO DROPPED, TO VN\$5.1 BILLION FROM VN\$6.8 BILLION IN JANUARY. DIRECT TAXES, AMINLY CORPORATE INCOME TAX, FELL FROM VN\$6.3 BILLION TO VN\$4.5 BILLION. TOTAL COLLECTIONS TO DATE ARE VN\$41.7 BILLION. IN REAL TERMS, ADJUSTED FOR INFLATION, DGT COLLECTIONS IN THE FIRST TWO MONTHS OF 1975 ARE 25 PERCENT LESS THAN IN THE SAME PERIOD OF 1974.
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C. PRICE INDEX UP SLIGHTLY

THE SAIGON RETAIL PRICE INDEX RECORDED A NEGLIGIBLE 0.1 PERCENT RISE IN THE WEEK ENDING MARCH 17. THE FOOD INDEX ROSE 0.2 PERCENT, MAINLY ON THE STRENGTH OF ANOTHER 8 PERCENT RISE IN THE SUGAR PRICE (SEE LAST WEEK'S MISSION WEEKLY SAIGON 02761). SUGAR NOW RETAILS FOR THE EQUIVALENT OF 82 CENTS A POUND IN SAIGON. MEDIUM QUALITY RICE PRICES WERE UP 1 TO 2 PERCENT, BUT THE FOOD CATEGORY ALSO RECORDED BROAD DECLINES IN PORK, POULTRY, SEAFOOD, AND VEGETABLES. THE BIGGEST GAINER WAS LEMONS, UP 50 PERCENT IN A WEEK AS REDUCED SUPPLY SENT LEMON PRICES ON THEIR ANNUAL DRY SEASON SPIRAL.

D. FREE MARKET DOLLAR RATE CLIMBS

FOLLAR QUOTES ON THE BLACK MARKET ROSE FROM VN\$800/US\$1 TO VN\$820/US\$1 (FOR US\$100 GREEN). GOLD PRICES IN SAIGON SOFTENED, FROM US\$178.32 TO US\$171.09 PER TROY OUNCE (CALCULATED AT BLACK MARKET DOLLAR

TTE).
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL SUMMARIES
Control Number: n/a
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Draft Date: 19 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchandr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SAIGON03143
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750096-0355
From: SAIGON
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1975/newtext/t19750336/aaaabgfg.tel
Line Count: 603
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
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